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Moda agreement ensures no changes to coverage for consumers

(Salem) – The Oregon Department of Consumer and Business Services issued a consent order today that outlines a plan for Moda Health Plan, Inc. (MHP) to stabilize its financial position and continue to serve its customers. As a result, the department has lifted the Jan. 27 order of supervision and MHP will resume selling and renewing policies to both individual and group customers in Oregon and Alaska.

The steps outlined in the order will generate more than \$170 million for MHP, providing sufficient capital and surplus to continue operations. That means all MHP policyholders – including those who have individual, group, Medicaid, and Medicare supplement plans – will be able to keep their plans. All premiums, cost-sharing, networks, and benefits will remain the same.

DCBS worked in close partnership with the Alaska Division of Insurance and the Washington State Office of the Insurance Commissioner to achieve this outcome.

“This course of action is the best option for consumers because it will not disrupt their current policies,” said Patrick Allen, DCBS director. “These steps will provide a financial cushion so the company can make good on the commitments it has made to Oregonians.”

The requirements in the order include:

- Providing coverage and service to its individual policyholders in Oregon and Alaska through Dec. 31, 2016.
- Establishing a bank deposit for the benefit of Alaska policyholders.
- Selling a portion of money owed to MHP by the federal government.
- Providing additional, more frequent reporting to DCBS and the Alaska Division of Insurance.
- Selling a combination of assets, including some held by Moda, Inc., and making all proceeds available to MHP. These transactions, several involving third parties, will bring new capital to MHP.
- Obtaining DCBS approval from before awarding executive salary increases or bonuses.
- Obtaining surplus notes, which are debt instruments considered capital and surplus.

If Moda does not complete all the requirements as scheduled, the department retains the ability to take swift action.

“While we expect Moda to comply with the order, we will have the ability to take further steps, if needed,” Allen said. “Our utmost concern is protecting Oregon policyholders.”

Today's announcement follows last month's order of supervision issued by DCBS to MHP because of concerns over its financial condition. The department issued the order because of MHP's excessive operating losses and inadequate capital and surplus. The supervision order (http://www.cbs.state.or.us/external/ins/admin_actions/actions_2016/insurer_2016/financial_2016/other_2016/16-13-001.pdf) prohibited MHP from issuing new policies, required it to raise adequate capital, and placed a state representative on site to oversee financial transactions. The order also required MHP to submit a business plan and secure sufficient capital.

"Initially, we thought it might be prudent for MHP to exit the individual market, but the steps outlined in the consent order instead will allow consumers to continue their health coverage with no changes," Allen said.

For all MHP policyholders, there should be no disruption of services and consumers do not need to take action. If consumers have any problems or questions, they can call the department's consumer advocates at 1-888-877-4894 (toll-free). Frequently asked questions are available on its website: <http://www.oregon.gov/DCBS/Insurance/insurers/regulation/Pages/moda-faqs.aspx>.

The consent order is available at

http://www.cbs.state.or.us/external/ins/admin_actions/actions_2016/insurer_2016/financial_2016/other_2016/16-13-002.pdf.

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